



**SCHNITZER STEEL
HAWAII CORP.**

"Conserving the Future by Recycling the Past"

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October 4, 2010

The Honorable Chair Anne Kobayashi
& Honorable Committee Members
Honolulu Hale
530 South King Street
Honolulu, Hawaii 96813

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Subject: Opposition to Bill 47 – Terminate Recycling Residue Discount

Dear Chair Kobayashi and Committee Members:

Thank you for providing me with the opportunity to submit testimony in opposition to Bill 47. I would like to start by providing you with a historical perspective on the genesis of the recycling residue discount aka the tip fee discount.

The original tip fee discount legislation was introduced in 1991 by Mayor Frank Fasi as Bill 73 proposed a 50% reduction in the tip fee. Janie Deuser, Executive Director of the Recycling Association of Hawaii wrote in support of Bill 73: "The Recycling Association of Hawaii encourages the Council and to consider this bill as a possible means to support the efforts of the recycling industry" At the time of its introduction there was only one recycler who qualified for the reduction, Hawaii Metal Recycling Company. Bill 73 CD2 was passed unanimously by the City Council on September 11, 1991 and was signed into law (Ordinance 91-66) on September 23, 1991.

On September 11, 2001, Councilmembers Steve Holmes and John Henry Felix co-authored Bill 90, which sought to increase the tip fee discount to 80% for a trial period of three (3) years. On December 12, 2001, the City Council unanimously passed Bill 90 CD1 and on December 28, 2001, Mayor Jeremy Harris signed into law Ordinance 01-65.

On March 24, 2004, Bill 3 unanimously passed third reading and was signed into law (Ordinance 04-07) on April 7, 2004 by acting Mayor Benjamin B. Lee. Bill 3 did away with the sunset provision of Ordinance 01-65 and granted an 80% reduction to all qualified recyclers.

Two decades later, Bill 47 proposes to eliminate the tip fee reduction for all commercial recyclers casting aside the environmental stewardship of six City Councils and vision of three Mayors. I wish Mayor Fasi were alive today to see how right he was when he introduced the concept of a discount to help a fledgling recycling community. The companies qualifying for the discount have increased tenfold keeping thousands of tons of recyclables out of our landfill at no cost to the City & County of Honolulu.

MISC. COM. 1510

If enacted, Bill 47 will bring an abrupt end to Schnitzer Steel Hawaii Corp.'s Aloha 'Aina and Nets-to-Energy programs.

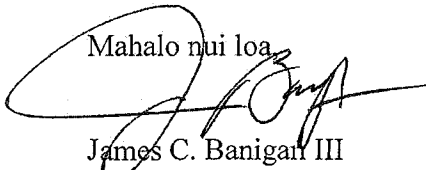
The Aloha 'Aina program began in 2004 as the Company's educational response to the illegal dumping problem. The Company wanted to educate the public on the merits of recycling as an alternative to illegally dumping metallic waste. We brought recycling to the people at the community's request by mobilizing personnel and equipment to a site designated by community leaders. Since the program began in 2004, over 3 million pounds of steel, 12,000 tires, 800 gallons of cooking oil, 5,000 cell phones, 20,000 telephone books, 15,000 car batteries, 9,000 magazines, 3,800 athletic shoes, 4,000 printer cartridges, 78 roll-off boxes of green waste, 90 roll-off boxes of newspapers and cardboard, and 112 truckloads of computers have been recycled and kept out of the landfill. In June 2010, Aloha 'Aina began accepting canned goods for the Hawaii Food Bank in order to help feed Hawaii's hungry. To date the program has collected 3,000 lbs. of canned goods and turned trash into cash for sixty-one (61) schools and non-profit organizations totaling \$143,506.25. A pretty good track record, in my opinion, for a small band of community recyclers, twenty-five recycling parnters in all.

The Nets-to-Energy program, which was started in 2002 has collected and recycled into energy 1,666,000 lbs. of discarded nylon drift nets and fishing lines. Schnitzer Steel Hawaii Corp., saw the need for a better way of disposing of the drift nets rather than discarding them in the Waimanalo Gulch Sanitary Landfill. Partnering with Covanta Energy, NOAA, the U.S Navy, U.S. Fish & Wildlife, the U.S. Coast Guard, DLNR-Harbors and State DOT-Harbors, the nets are removed from the fragile reefs of the Northwest Hawaiian Islands by NOAA free divers and brought to Honolulu via a U.S. Coast Guard cutter. Schnitzer Steel transports the nets from Honolulu Harbor, to its facility in Kapolei. When time permits Schnitzer Steel Hawaii Corp. uses its hydraulic shears to processes the derelict nets and fishing line into foot long sections for eventual burning at Covanta's waste-to-energy plant in Kapolei. The nets are burned to generated electricity for 100 homes annually.

Our commitment to Hawaii is to expand the Aloha 'Aina community service project. We look forward to searching for more opportunities for public private partnerships with the City and County of Honolulu.

Thank you for a allowing me the time to share my thoughts with you.

Mahalo nui loa



James C. Banigan III
General Manager